GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:5153
ANSWERED ON:20.04.2001
INQUIRY INTO INSIDER TRADING
Y.S. VIVEKANANDA REDDY

Will the Minister of FINANCE be pleased to state:

(a) whether the Investors Grievances Forum (IGF) said that Securities and Exchange Board of India (SEBI) would nstitute an inquiry into the alleged `Insider Trading` in the shares of software company Cyberspace Limited;

(b) if so, whether it is a fact that its share prices have come down to mere 10-15 percent in the month of March, 2001 to that of its prices one month back;

(c) if so, whether any inquiry has been conducted in this regard;

(d) if so, the outcome of the inquiry conducted;

(e) the action taken against those held responsible; and

(f) how the affected investors would be compensated by the persons responsible?

Answer

INISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a): The Securities and Exchange Board of India (SEBI) has intimated that the Investors` Grievances Forum, vide their letter dated 23rd March, 2001 to Chairman, SEBI, urged SEBI to look into the matter to protect the interests of small investors and sub brokers.

(b): Yes, Sir. At the Stock Exchange, Mumbai (BSE) the closing prices of the scrip on 28th February, 2001 and 30th March, 2001 were Rs. 147.45 and Rs. 11.65 respectively. At the National Stock Exchange, the closing prices for the same two dates were Rs. 147.55 and Rs. 8.05 respectively.

(d) to (e): SEBI and stock exchanges have initiated investigations into the matter.

(f): As per existing Rules, when a broker member of a stock exchange is declared defaulter, the investor`s claim against the said defaulter broker is paid out of the Investor Protection Fund of the exchange as per the limits prescribed by the exchange concerned.